

CIRCULAR DATED 15 OCTOBER 2020

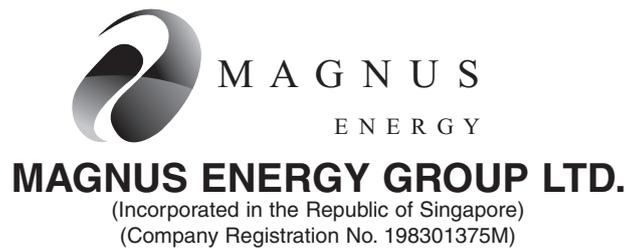
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Magnus Energy Group Ltd. (“**Company**”). If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Printed copies of this Circular will be sent to the shareholders of the Company. The Circular together with notice of extraordinary general meeting of the Company dated 15 October 2020, will also be made available on SGXNET, the Company’s corporate website (www.magnusenergy.com.sg) and at URL: <https://agm.conveneagm.com/magnus>.

This Circular has been prepared by the Company and reviewed by the Company’s sponsor, Novus Corporate Finance Pte Ltd (“**Sponsor**”), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Catalist Rules Section B: Rules of Catalist. The contact person for the Sponsor is Mr Pong Chen Yih, Chief Operating Officer, at 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, telephone (65) 69502188.

This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements made, opinions expressed or reports contained in this Circular.



CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED DIVERSIFICATION OF THE GROUP’S BUSINESS

Legal Adviser in relation to the Proposed Diversification of the Group’s Business

ELDAN LAW LLP
(Incorporated in the Republic of Singapore)
(UEN: T09LL1827H)

Important Dates and Times

Last date and time for lodgement of Proxy Form	27 October 2020 at 10:30 a.m.
Date and time of Extraordinary General Meeting	30 October 2020 at 10:30 a.m. (or immediately after the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10:00 a.m. on the same day and by way of electronic means)

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DEFINITIONS

In this Circular, the following definitions apply throughout except where the context otherwise requires:

“Act”	:	The Companies Act (Chapter 50) of Singapore, as amended, supplemented or modified from time to time
“Annual General Meeting”	:	The annual general meeting of the Company to be held on 30 October 2020 at 10:00 a.m.
“Board”	:	The board of directors of the Company
“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	Section B: Rules of Catalist of the listing manual of the SGX-ST, as amended, modified or supplemented from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 15 October 2020
“Company”	:	Magnus Energy Group Ltd.
“Director(s)”	:	The director(s) of the Company
“Drilling Business”	:	The business of providing drilling and consultancy services, including onshore drilling projects for conventional and unconventional oil and gas resources, mineral mines and coal mines, water resources exploration and production drilling, and geothermal exploratory and production drilling
“EGM”	:	The extraordinary general meeting of the Company to be held on 30 October 2020 at 10:30 a.m. (or immediately after the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10:00 a.m. on the same day by way of electronic means), the notice of which is set out on page N-1 of this Circular
“EPC”	:	Shall have the meaning ascribed to it in Paragraph 2.2.1(b)
“EPCC”	:	Engineering, procurement, construction and commissioning
“EPCC Business”	:	The business of providing EPCC services, and related services, including management of EPCC Projects, consultancy services, and maintenance and repair services for equipment, facilities and infrastructure
“EPCC Projects”	:	Shall have the meaning ascribed to it in Paragraph 2.2.1(a)
“EPCM Projects”	:	Shall have the meaning ascribed to it in Paragraph 2.2.1(a)
“Group”	:	The Company and its subsidiaries
“New Businesses”	:	The EPCC Business and the Drilling Business
“Notice of EGM”	:	The notice of EGM which is set out on page N-1 of this Circular
“Ordinary Resolution”	:	The ordinary resolution set out in this Circular and in the Notice of EGM

DEFINITIONS

“Proposed Diversification”	:	The proposed diversification of the Group’s business to include the New Businesses as part of its core business
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Persons who are registered as holders of the Shares in the register of members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the Depositors whose Securities Accounts are credited with Shares
“Shares”	:	Issued and paid-up ordinary shares in the capital of the Company
“Sponsor”	:	Novus Corporate Finance Pte. Ltd.

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the respective meanings ascribed to them in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore.

The term “subsidiary” shall have the meaning ascribed to it under Section 5 of the Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act, the Catalist Rules or any modification thereof and used in this Circular shall have the meaning assigned to it under the Act, the Catalist Rules or any modification thereof, as the case may be.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless stated otherwise.

Any discrepancies in this Circular between the sum of the figures stated and the total thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures which precede them.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs (e.g. “will”, “if”, “would”, “should”, “could”, “may” and “might”). However, these words are not the exclusive means of identifying forward-looking statements.

These statements reflect the Company’s current expectations, beliefs, hopes, intentions and strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guaranteeing future performance or events, and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward looking statements, and the Company assumes no obligation to update publicly or revise any forward-looking statement.

LETTER TO SHAREHOLDERS



Directors:

Mr Michael Grant Pixley (Independent Non-Executive Chairman)
Mr Charles Madhavan (Executive Director and Chief Executive Officer)
Mr Farooq Ahmad Mann (Independent Non-Executive Director)
Mr Winston Terence Milner (Independent Non-Executive Director)

Registered Office:

30 Cecil Street
#19-08 Prudential Tower
Singapore 049712

15 October 2020

To: The Shareholders of the Company

Dear Sir /Madam

THE PROPOSED DIVERSIFICATION OF THE GROUP'S BUSINESS INTO THE NEW BUSINESSES

1. INTRODUCTION

- 1.1** We refer to the Notice of EGM accompanying this Circular convening the EGM to be held on Friday, 30 October 2020 at 10:30 a.m. (or immediately after the conclusion or adjournment of the Annual General Meeting to be held on the same day at 10:00 a.m. by way of electronic means).
- 1.2** The Board is proposing to convene the EGM to seek Shareholders' approval in respect of the Proposed Diversification.
- 1.3** The purpose of this Circular is to provide Shareholders with information relating to, and the rationale for, the Proposed Diversification, and to seek Shareholders' approval therefor at the EGM. The Notice of EGM is set out on page N-1 of this Circular.
- 1.4** This Circular has been prepared solely for the purposes set out herein and may not be relied upon by any persons (other than Shareholders to whom this Circular is dispatched to) or for any other purpose.
- 1.5** The Sponsor and the SGX-ST take no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made, or reports contained in this Circular.

2. THE PROPOSED DIVERSIFICATION

2.1 Background and Existing Business of the Group

The Company is an investment holding company with a diversified portfolio comprising oil, coal and gas assets, oil and gas equipment distribution renewable energy and natural resources trading, property and infrastructure development, and industrial waste water treatment.

Incorporated in 1983 as a mechanical and engineering company, the Company had acquired Mid-Continent Equipment Group Pte Ltd ("**Mid-Con**") in 2004, marking its entry into the oil and gas supply industry. Mid-Con is a global oil and gas equipment distribution group with offices in the United States, India, Australia and New Zealand.

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The Group then ventured into the coal mining sector, and successfully listed its coal operations on the Australian Securities Exchange Limited under APAC Coal Limited in 2008. In 2013, the Group took a further step into coal mining by acquiring a minority stake in GCM Resources plc, a corporation listed on the London Stock Exchange's Alternative Investment Market. Diversifying beyond its oil and coal businesses, the Group progressively moved into property and infrastructure development business in Indonesia through its wholly owned subsidiary, MEG Global Resources Limited and PT MEG Harta Indonesia.

In 2015, the Group acquired 60% of the enlarged share capital of Flagship Ecosystems Pte Ltd, a Singapore-based manufacturer and solutions provider in wastewater and industrial effluents treatment technology and systems. The Group further expanded its investment horizon through MEG Management Sdn Bhd to build and manage a microalgae oil cultivation facility in Selangor, Malaysia.

The Group now believes that in order to enhance value for its Shareholders, it needs to seize attractive business opportunities as and when they arise. The Group is of the view that the New Businesses will benefit the Group by growing its revenue base and improving its growth prospects, as well as enabling the Group to establish a foothold in the New Businesses.

It is envisaged that the Proposed Diversification will change the existing risk profile of the Company as it is different from the Group's existing core business. As such, the Company is seeking the approval of the Shareholders at the EGM for the Proposed Diversification.

2.2 The New Businesses

2.2.1 Information regarding the New Businesses

Upon the Shareholders' approval for the Proposed Diversification being obtained at the EGM, the Group intends to diversify the Group's core business to include the following activities, as and when business opportunities arise:

- (a) to undertake transactions relating to the EPCC Business involving various civil and mechanical engineering, design, procurement, construction, installation and commissioning works, including but not limited to construction of liquefied petroleum gas ("**LPG**") storage tanks and terminals, plants and facilities, and reactivating and refurbishing idled equipment, oil rigs and power plants ("**EPCC Projects**"), and provision of consultancy services in relation to EPCC Projects, as well as contracts for the management of EPC contracts ("**EPCM Projects**");
- (b) to jointly enter into EPCC Projects and/or EPCM Projects together with Oriental EPC Pvt. Ltd. and/or its subsidiaries ("**Oriental Group**"). As previously represented in the Company's announcement dated 11 June 2020, the Oriental Group is one of the top engineering, procurement and construction ("**EPC**") companies in India and primarily provides EPC services to major organisations in the chemical processing plant, effluent treatment plant, metallurgical, mini refinery, thermal and nuclear power, oil terminal operations, organic and inorganic chemicals and basic infrastructure sectors. The Oriental Group has strong financial and manpower resources, a proven track record, industry experience and reputation. More information on the Oriental Group can be found in its company profile provided at <http://orientalepc.com/>. Given the size of EPCC Projects and EPCM Projects in general and the Group's relatively short track record, a strong financial backing and partnership with the Oriental Group are crucial for success in tendering for such projects. Without limitation to the generality of the cooperative arrangement, the types of cooperation between the Group and the Oriental Group may include the Group jointly bidding for EPCC Projects and/or EPCM Projects with the Oriental Group, or the Group undertaking specific EPCC services on a sub-contract basis with the Oriental Group acting as the main contractor;

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- (c) to undertake transactions relating to the Drilling Business providing drilling, well servicing and work-over for water, geothermal, oil & gas and minerals, and provision of consultancy services, including but not limited to ground water consultancy, management design and implementation, and project management; and
- (d) to jointly enter into transactions relating to the Drilling Business together with established partners with industry experience and reputation, proven track record and stronger financial resources. Having such business partners will be crucial for the Group's success in tendering for transactions relating to the Drilling Business. Without limitation to the generality of the cooperative arrangement, the types of cooperation the Group may enter into with business partners include the Group jointly bidding for industry experience and reputation with the relevant business partners(s), or the Group undertaking specific transactions on a sub-contract basis with the relevant business partners(s) acting as the main contractor.

The Group does not intend for the New Businesses to be restricted to any defined geographical area or to any specific industry.

The Group may undertake the New Businesses through collaborations and joint ventures, and/or direct undertaking, as and when the opportunity arises. The Group will assess and consider factors such as whether it has the necessary financing and technical expertise for the investment and/or direct undertaking of any transactions relating to the New Businesses, the then existing market conditions and timing of any such investment and/or direct undertaking, the revenue which the opportunity may generate, and the standing and contribution of its business or joint venture partner, if any, before proceeding with any such investment and/or direct undertaking.

As at the date of this Circular, the Board has identified the following transactions relating to the New Businesses:

- Refurbishment and reactivation of chemical plant in Jakarta, Indonesia, which the Group will undertake in collaboration with the Oriental Group, as announced by the Company on 15 July 2020; and
- Construction of LPG terminals in various parts of Indonesia, which the Group will undertake in collaboration with the Oriental Group, as announced by the Company on 20 July 2020.

The Company will update Shareholders at the appropriate time with full details of the contracts relating to the two (2) transactions described above, and when it has identified other potential transactions relating to the New Businesses. Please refer to the sections, "Rationale for the Proposed Diversification" and "Risks factors associated with the New Businesses", as set out in Sections 2.2.5 and 2.2.7 respectively of this Circular, for more details on the rationale for and risks associated with the New Businesses.

2.2.2 Funding Requirements for the New Businesses

The Group intends to explore the New Businesses organically as well as through non-organic ways such as potential collaboration, joint ventures and strategic alliances with parties with the relevant experience. This may require significant cash outlay. The Group intends to fund the New Businesses through a combination of internal sources of funds and borrowings from financial institutions. As and when necessary and deemed appropriate, the Group may develop secondary fund raising exercises by tapping the capital markets including but not limited to rights issues, share placements and/or issuance of debt instruments.

2.2.3 Management of the New Businesses

The management of the New Businesses shall be spearheaded by the Group's Chief Executive Officer, Mr Charles Madhavan. Mr Charles Madhavan has extensive experience of over 40 years in various types of EPCC Projects and drilling services. The Company does not see an immediate need to engage personnel with direct expertise or experience in relation to the New Businesses, as the Company initially plans to enter into collaboration, joint ventures and strategic alliances

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with established partners with the relevant experience and market standing. Embarking on such projects with established business partners will enable the Group to be in a better position to bid for contracts and secure new business, as well as mitigate the Group's exposure to any potential operational risk and financial burden associated therewith. The Company may take steps to engage qualified management personnel and employees with relevant experience and expertise in the New Businesses if the need arises.

The Group will remain prudent in determining the transactions relating to the New Businesses that the Group enters into, whether on a direct undertaking basis or in collaboration, joint venture or strategic alliance with business partners. The decision whether the New Businesses should be undertaken by the Group on its own or in collaboration, joint venture or strategic alliance with business partners will be made by the Directors after taking into consideration various factors, such as the financial condition of the Group, the nature and scale of each transaction, amount of investment and nature of expertise required, and the period of time within which the transaction must be completed. Where necessary, work may also be outsourced to third parties who have expertise in the relevant area in relation to any such transaction. In selecting its business partners, the Group will take into account the specific expertise and competencies required for the transaction in question and the experience, historical track record and financial standing of the business partner concerned. The Group will remain prudent and take into account the financial condition of the Group in deciding the types of projects and/or services it undertakes under the New Businesses, and the amounts thereof.

The management, led by Mr Charles Madhavan, will present the proposal on transactions relating to the New Businesses to the Board and the Board will deliberate and decide on the nature and extent of the Group's investment in such transactions. The Board will monitor and review the progress of the Group in the transactions relating to the New Businesses, and where necessary, appoint external consultants and professional advisers to assist the management with making informed decisions relating to any aspect of the transactions. In addition, the Audit Committee will regularly review the risk exposure of the transactions relating to the New Businesses and report to the Board on material findings. Further, before undertaking any major transaction (as defined in the Catalist Rules, for which Shareholders' approval is required) relating to the New Businesses, the management of the Company may prepare a feasibility study to assess the suitability of the Group's undertaking of the major transaction.

2.2.4 Potential conflict of interests and mitigating factors

When the Company identifies a potential opportunity, each of the Directors and key management personnel will be obliged to disclose to the Board where he/she has an interest (and the full extent thereof) in the transaction ("**Conflicted Individual**"). A Conflicted Individual may present the opportunity and join in the deliberation of the Board in relation to the transaction, but shall not vote in respect thereof.

2.2.5 Rationale for the Proposed Diversification

The Proposed Diversification is part of the corporate strategy of the Group in recalibrating its growth strategy and providing Shareholders with long term value. The New Businesses present opportunities to provide earnings and growth opportunities, and deliver new revenue streams to improve the financial condition of the Group. The Company believes that the Proposed Diversification will reduce the Group's reliance on its existing business activities, offer new business opportunities, provide the Group with new revenue streams and improve its growth prospects, which in turn will contribute positively to the Group's financial condition and enhance long term value for Shareholders.

The Company further believes that the diversification into the Drilling Business will represent an opportunity to establish a new and complementary business segment for the Group that will be synergistic with Mid-Con's oil and gas equipment distribution business. Mid-Con is one of the leading distributors of pumps, valves, drill pipes, casings and tubings for the drilling of oil wells, heavy weight drill pipes, drill collars and accessories. The Group will be able to rely on Mid-Con to supply the necessary equipment for the drilling services, and leverage on Mid-Con's knowledge of, and global network in, the oil & gas and marine industries.

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The Group will also be able to leverage on Mr Charles Madhavan's 40-years of managerial, technical and on-shore, off-shore field operations experience with major global oil and gas corporations in various parts of the world, as well as his extensive network and business contacts to embark on transactions relating to the New Businesses.

Should the Shareholders pass the resolution to approve the Proposed Diversification, the Group may enter into new time-sensitive transactions relating to the New Businesses that may not constitute a major transaction (for which approval by Shareholders will not be required). This indirectly helps the Company in reducing additional costs associated with having to convene general meetings.

2.2.6 Requirements under the Catalist Rules

Pursuant to Practice Note 10A of the Catalist Rules, Shareholders' approval is not required if a transaction is carried out in connection with the ordinary course of an issuer's business and is part of the issuer's existing principal business, unless such transaction changes the issuer's risk profile.

As the Proposed Diversification will result in an expansion of the Group's business to new business sector(s) and may also result in an expansion to new geographical market(s), it is envisaged that the New Businesses may change the Group's risk profile. Accordingly, the Board is convening the EGM to seek Shareholders' approval for the Proposed Diversification. Upon approval by the Shareholders, the Group may, in the ordinary course of business, enter into transactions relating to the New Businesses that will not change the Group's risk profile, in an efficient and timely manner without the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential transactions relating to the New Businesses arise, even where they crossed the thresholds of a "major transaction". This will reduce substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group. Pursuant to Catalist Rule 1014, a major transaction, as defined in Catalist Rule 1002(1), is a transaction where any of the relative figures as computed on the bases set out in Catalist Rule 1006 exceeds 75% but is less than 100% (for acquisitions) or exceeds 50% (for disposals) and must be made conditional upon approval by Shareholders at a general meeting.

Upon the approval by Shareholders of the Proposed Diversification, any acquisition which is in, or in connection with, the New Businesses, may be deemed to be in the ordinary course of business and therefore not fall under the definition of a "major transaction" under the Catalist Rules for which Shareholders' approval is required. Notwithstanding, the Group will continue to comply with the Catalist Rules, particularly the provisions of Chapter 10, in the event it undertakes any acquisition, joint venture, investment or other transaction relating to the New Businesses.

For the avoidance of doubt, notwithstanding the Proposed Diversification, in respect of transactions:

- (a) which fall within the definition of Catalist Rule 1002(1), Catalist Rules 1010 and 1014 will still apply;
- (b) where any of the relative figures as computed on the bases set out in Catalist Rule 1006 exceeds 100% or results in a change in control of the issuer, Catalist Rule 1015 will still apply to such transactions and such transactions must be, amongst others, made conditional upon approval by shareholders at a general meeting;
- (c) which constitute an "interested person transaction" as defined under the Catalist Rules, Chapter 9 of the Catalist Rules will apply to such transaction and the Company will comply with the provisions of Chapter 9 of the Catalist Rules; and
- (d) which involve any expansion of the New Businesses that may result in a consequential change in the risk profile of the Group, the Company will make the relevant announcement(s) and seek the approval of the Shareholders at a general meeting.

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In accordance with the SGX-ST's recommended practice in relation to diversification of business, where the Company enters into the first major transaction involving the Drilling Business and/or the EPCC Business ("**First Major Transaction**"), or where any of the figures computed based on Rule 1006 of the Catalist Rules in respect of several transactions involving the Drilling Business and/or the EPCC Business respectively are aggregated ("**Aggregated Transactions**") over the course of a financial year exceeds 75%, such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon Shareholders' approval.

2.2.7 Risk factors associated with the New Businesses

The Group believes that the Proposed Diversification may change the risk profile of the Group. The Group could be affected by a number of risks that may relate to the EPCC Business and/or the Drilling Business, or risks that may relate to the markets in which the New Businesses are intended to be engaged. Risks may arise from, *inter alia*, economic, business, market and political factors.

If any of the factors and/or uncertainties described below develops into actual events affecting the EPCC Business and/or the Drilling Business, this may have a material and adverse impact on the overall results of operations, financial condition and prospects of the Group.

The risk factors set out below are not intended to be exhaustive and are not presented in any particular order of importance. There may be additional risks not presently known to the Company or are currently not deemed to be material. New risk factors may emerge from time to time and it is not possible for the Board to predict all risk factors, nor can the Group assess the impact of all risk factors on the Proposed Diversification or the extent to which any factor or combination of factors may materially affect the Group's business, financial position, operating results and/or cash flow. In that event, the market price of the Shares could decline, and Shareholders may lose all or part of their investments in the Shares. Shareholders should evaluate carefully the following risk factors and all other information in this Circular before deciding on whether to vote in favour of the Proposed Diversification. Shareholders should seek professional advice from their accountant, stock brokers, bank managers, solicitors or other professional advisers if Shareholders have any doubt about the actions to take.

To the best of the Board's knowledge and belief, all the risk factors that are material to Shareholders in making an informed decision on the Proposed Diversification are set out below:

(a) No proven track record

As the Group does not have a proven track record in transactions relating to the New Businesses, there is no assurance that the New Businesses will be commercially successful. If the Group does not derive sufficient revenue from the New Businesses effectively, the overall financial position and profitability of the Group may be adversely affected.

There is no assurance that the Group's experience and expertise will be sufficient, or that the Group will be able to hire employees with the relevant experience and knowledge. There is no assurance that the Group will be able to compete successfully with the existing competitors or new market entrants. The Group may not be able to successfully undertake and/or complete the transactions relating to the New Businesses and this may adversely affect the Group's financial performance and profitability. As such, positive impact may not be experienced by the Group immediately, or at all. If the Group fails to manage transactions relating to the New Businesses profitably, it may result in the Group's expansion plans not being met, and may affect its business, operations and financial condition. The New Businesses may require high capital commitment and may expose the Group to unforeseen liabilities or risks associated with its entry into new markets and new businesses.

The New Businesses may expose the Group to new business risks, and accordingly, may change the Group's risk and investment profile. There is no assurance that the Group will be able to eliminate or otherwise mitigate such business risks. In the event that the Group is unable to manage any new business risks effectively, this may have a material adverse effect on its business, operations and financial condition.

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The Group may face competition from existing as well as other new entrants to the New Businesses. Some of these competitors may have greater financial and other resources, operating histories or may be better entrenched in the markets they operate in. There is no assurance that the Group will be able to compete successfully with the existing competitors or new market entrants. In the event the Group is unable to compete effectively or respond with appropriate measures, the Group's business, financial performance, financial condition and cash flow may be adversely affected.

(b) Contractual risks

It should be emphasised that the transactions relating to the New Businesses require high standards of implementation, and it is important to note that such transactions are typically associated with considerable liabilities and risks (including technical, operational, commercial, financial and political risks). Additionally, disputes with customers or project owners over contractual issues could arise. The Group will obtain insurance coverage as it deems adequate for the transactions relating to the New Businesses but it is not possible to insure against all liabilities and risks and no assurance can be made that the Group will have sufficient insurance coverage on any of the liabilities abovementioned.

Delays in the completion of the transactions relating to the New Businesses could occur from time to time due to several factors including but not limited to adverse weather conditions, shortages of labour, breakdown of equipment and lack of construction materials, defects, natural disasters, labour disputes, disputes with suppliers and sub-contractors and industrial accidents. Contracts in respect of the transactions relating to the New Businesses would normally provide for the payment of liquidated damages by the Group in the event the project is not completed after the date of completion stipulated in such contracts. In the event of any delay in the completion of the project attributable to the Group or if the Group fails to complete the project within the term stipulated in the contract, although the Group may re-allocate resources to speed up progress for such project, the Group may nevertheless be liable to pay liquidated damages under the contracts, and this may adversely affect the Group's earnings and erode its profit margin for the project. In such an event, the Group's financial condition may be adversely affected.

Further, if disputes arise in connection with the Group's operations in any foreign country, the Group may be subject to the jurisdiction of foreign courts or foreign arbitration tribunals or may not be successful in subjecting foreign persons, especially state-owned entities, to the jurisdiction of courts in such foreign countries.

(c) Market risks

The New Businesses will be dependent on, susceptible to, the health of the financial condition and general economy of Singapore and globally. A slowdown in the global economy may result in difficult conditions in the financial markets and disruption in the global credit markets and the ability to secure financing. Additionally, changes in the global political and social conditions, such as those arising from the US-China trade war, may lead to greater uncertainty in the financial markets and impinge on the health of global economic and financial systems. If there is deterioration in global or regional economic conditions, clients or project owners may defer the transactions relating to the New Businesses which may in turn have a material adverse effect on the Group's business, operations and financial condition. Given such uncertainties of the future economic outlook, there is no assurance that the Group will be able to maintain or continue to grow the New Businesses, or that it will be able to react promptly to any changes in economic conditions. In the event that it fails to react promptly to such changing economic conditions, the Group's performance and profitability could be adversely affected.

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(d) Inherent risks

Identifying transactions relating to the New Businesses that will become successful is difficult and the success of any such transactions will be subject to many factors over which the Group may have limited or no control. Notwithstanding the amount of due diligence that may be carried out by the Group, any transaction may nevertheless fail for a variety of reasons. Moreover, such transactions will be subject to changes in the general economic climate, technology, and applicable laws and regulations, as well as potential management inefficiencies, over the period of the transactions.

The transactions relating to the New Businesses are generally undertaken on a project basis and are non-recurring in nature. As such, the Group's revenue is dependent upon invitation to quote or tender from existing and new customers on a project or contract basis which subjects the Group's revenue and profitability to some degree of volatility. The Group's historical performance may not be an indication of its future performance. In the event that the Group is not able to continuously and consistently secure new projects or projects with substantial contract value or renew or replace its existing contracts, the Group's business, operations and financial condition may be adversely affected.

Further, any standstills or cancellations of secured projects due to factors such as changes in market conditions or the government's plans or budget may lead to idle or excess capacity which may adversely affect the Group if it is not able to secure replacement projects on a timely basis. In addition, there may be a lapse of time between the completion of the Group's projects and the commencement of subsequent projects. As such, the Group's earnings and financial condition during such periods may be adversely affected.

The transactions relating to the New Businesses may bring the Group into contact, directly or indirectly, with individuals and entities that are new clients and other new products or new markets. These transactions will expose the Group to new and enhanced risks including reputation risks arising from dealing with a range of new counterparties, along with these activities being exposed to the range of risks described in this Circular. If these risks eventuate, they may have a negative impact on the Group's business, operations and financial conditions.

(e) Political Risks

Changes in the legislative and fiscal framework in foreign countries could have a material impact on the transactions relating to the New Businesses in general or affect the Group's operations directly if the Group is precluded from engaging in business activities in these countries. In particular, changes in political regimes will constitute a material risk factor for the Group's operations in such foreign countries. Additionally, the foreign countries may be affected by political instability, war or other armed conflicts and even though the transactions relating to the New Businesses may be insured against such risks, such incidents could result in a substantial loss of revenue and large policy claims to be handled.

The Group may carry out the transactions relating to the New Businesses in some countries which some perceive as having potentially more corrupt governmental and business environments compared to certain developed countries. In spite of the Group's best efforts, it may not be possible for the Group to detect or prevent every instance of fraud, bribery and corruption in every jurisdiction in which the Group's employees, agents, subcontractors or joint-venture partners are located. The Group may therefore be subject to civil and criminal penalties and to reputational damage. Instances of fraud, bribery and corruption, and violations of laws and regulations in the jurisdictions in which the Group operate, could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. No assurance can be given that the Group will have sufficient insurance coverage in place for any such losses.

LETTER TO SHAREHOLDERS

(f) Uncertainty in the interpretation and application of laws and regulations

The courts in the jurisdictions in which the Group carry out the New Businesses may offer less certainty as to the judicial outcome or a more protracted judicial process than is the case in more established economies. Businesses can become involved in lengthy court cases over simple issues when rulings are not clearly defined, and the poor drafting of laws and excessive delays in the legal process for resolving issues or disputes compound such problems. Accordingly, the Group could face risks such as: (i) effective legal redress in the courts of such jurisdictions being more difficult to obtain, whether in respect of a breach of law or regulation, breach of contract or ownership dispute; (ii) a higher degree of discretion on the part of governmental authorities and therefore less certainty; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience or unpredictability of the judiciary and courts in such matters.

Enforcement of laws in these jurisdictions may depend on and be subject to the interpretation placed upon such laws by the relevant local authority, and such authority may adopt an interpretation of an aspect of local law which is unpredictable. Furthermore, there could be limited or no relevant case law providing guidance on how courts would interpret such laws and the application of such laws to the Group's contracts, joint operations, licenses, license applications or other arrangements. If the existing body of laws and regulations in the countries in which the Group operates are interpreted or applied, or relevant discretions exercised, in an inconsistent manner by the courts or applicable regulatory bodies, this could result in ambiguities, inconsistencies and anomalies in the enforcement of such laws and regulations, which in turn could hinder the Group's long-term planning efforts and may create uncertainties in the Group's operating environment.

(g) Foreign exchange and currency fluctuations

The Group may be subject to risks arising from foreign exchange fluctuations in relation to the transactions relating to the New Businesses. The Group's revenue is denominated in Singapore Dollars while its revenue and operating costs for the transactions relating to the New Businesses may be denominated in the currency of the jurisdictions in which such transactions are performed. Any unfavourable fluctuations in currency exchange rates will result in exchange losses arising from any transactions carried out in foreign currencies and translations of foreign currency monetary assets and liabilities as at the end of the relevant reporting periods. If the exchange losses are substantial, it could have a negative impact on the Group's business, operations and financial condition.

(h) Interest rates fluctuations and refinancing risks

The Group's ability to borrow from banks or the capital markets to meet its financial requirements is dependent on favourable market conditions. Financial crises in particular geographic regions, industries or economic sectors for example, the United States sub-prime mortgage crisis and the sovereign debt crisis in Europe and the United States, have, in the recent past, led and could in the future lead to sharp declines in the currencies, stock markets and other asset prices in those geographic regions, industries or economic sectors, in turn threatening affected companies, financial systems and economies. The Group may further face interest rate and debt refinancing risk in respect of floating-rate bank credit facilities and long-term financings. The Group's ability to refinance debt on favourable terms is dependent on debt capital market conditions, which are inherently variable and difficult to predict.

LETTER TO SHAREHOLDERS

(i) Risk of unforeseen additional capital expenditure

The Group is not able to predict with certainty the total expected capital expenditure for the transactions relating to the New Businesses. Any unforeseen circumstances which may cause interruptions in any such transactions may require capital expenditures to remedy the situation and this could result in potentially dilutive issuances of equity securities, the incurrence of capital commitments, debts and contingent liabilities as well as increase operating expenses, in turn affecting the profitability of these investments and consequently, the overall performance of the Group in respect of the New Businesses. The Group may face significant financial risks before it can realise any benefits from its transactions in the New Businesses, if at all.

(j) Difficulties in remittance of profits

The Group may establish foreign entities to carry out the transactions relating to the New Businesses outside of Singapore, which may experience difficulties in remitting capital, profits and dividends out of their respective countries of operation to Singapore, such as due foreign exchange policies and conditions prevailing from time to time.

(k) Risk of non-payment or late payment by clients

The Group faces uncertainties over the timeliness of clients' payments and their solvency or creditworthiness in respect of the transactions relating to the New Businesses. There is no assurance that the Group will be able to collect any progress payments on a timely basis, or at all. In the event of default or significant delay in payment by any relevant party, the Group may face stress on its cash flow and a material increase in bad and doubtful debts, which may have an adverse impact on the Group's business, operations and financial condition.

(l) Inadequate insurance coverage to cover all liabilities

The transactions relating to the New Businesses may result in the Group becoming subject to liability for pollution/environmental damage, property damage/destruction, personal injury, suspension of operations, contract termination or other hazards. Although the Group intends to obtain insurance in accordance with industry standards to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not in all circumstances be insurable or, in certain circumstances, the Group may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities will reduce the funds available to the Group. The occurrence of a significant event that the Group is not fully insured against, or the insolvency of the insurer, could have a material adverse effect on the Group's business, prospects and financial condition.

(m) Operational risks and force majeure

The transactions relating to the New Businesses are subject to various risks inherent in those transactions such as fires, natural disasters, outbreaks of diseases and explosions. A number of these risks could have severe consequences, including loss of life or serious injury, significant damage to the Group's suppliers and/or customers' assets and equipment, environmental pollution, personal injury, litigation and damage to the Group's reputation. Such events may subject the Group to substantial financial outlay and other liabilities.

The transactions relating to the New Businesses are also exposed to the risk of equipment failure, failure by employees to follow procedures and protocols, as well as risks inherent in operating equipment and machinery, resulting in damage to or loss of any relevant machines, equipment or facilities required in a project or personal injury. A major operational failure could result in substantial loss of life and/or serious injury, damage to or loss of the machines, equipment or facilities and protracted legal disputes and damage to the Group's reputation and financial condition.

LETTER TO SHAREHOLDERS

Further, the contracts in respect of the transactions relating to the New Businesses may provide that the customers can suspend or refuse services in the event their operations are affected by events of force majeure. In the event of operational or equipment failure, the Group may be forced to cease part of its operations and it may be subject to any penalty or incur extra costs or expenses in any dispute as a result of such operational or equipment failure. As a result, the Group's results of operations and financial condition may be materially and adversely affected.

An outbreak of various communicable diseases such as COVID-19, severe acute respiratory syndrome, influenza A, the Middle East respiratory syndrome, avian influenza, hand, foot and mouth disease and/or other communicable diseases in the region or around the world could materially and adversely affect the Group's business operations. The outbreak of the contagious disease, COVID-19 was declared as a pandemic by the World Health Organisation on 11 March 2020. The COVID-19 pandemic's economic fallout is expected to adversely affect the global economy for at least a year. In the event that any of the Group's employees are infected with any communicable disease, the Group may be required to temporarily suspend operations and/or quarantine the relevant workers to prevent the spread of the disease. Social distancing regulations, movement control orders and other regulations brought into force by governments around the world may also adversely affect the progress of any projects undertaken by the Group, which could adversely affect the Group's results of operations and financial condition. This may result in delays in fulfilment of the transactions relating to the New Businesses, thereby creating a material and adverse impact on the Group's business and financial condition.

(n) Dilutive effect on Shares

The Group may make future acquisitions or enter into financings or other transactions relating to the New Businesses involving the issuance of securities of the Company which may have a dilutive effect on the Shares.

(o) Risks associated with collaborations, joint ventures and strategic alliances

Depending on available opportunities, feasibility and market conditions, the transactions relating to the New Businesses may result in the Group entering into collaborations, joint ventures and/or strategic alliances with third parties. Participation in collaborations, joint ventures and/or strategic alliances, involves numerous risks, including the possible diversion of management attention from existing business operations and loss of capital or other investments deployed thereto, or the making of investments into entities over which the Group may not have majority control or influence over. Moreover, the Group is expected to rely on the collaboration, joint venture or strategic alliance partners at the initial stage of its foray into the New Businesses. There is a risk that if any of such collaboration, joint venture or strategic alliance partners is unable to deliver its obligations or commitments under the collaboration, joint venture or strategic alliance (including failure to perform according to the expertise, or meet the financial obligations, expected of such collaboration, joint venture or strategic alliance partner), it may result in the collaboration, joint venture or strategic alliance being unable to fulfill its contractual obligations and suffer from reputational damage. In such events, the Group's prospect and financial condition may be adversely affected.

(p) Lack of expertise in current management

The Group's management may not have the current expertise to ensure success of the transactions relating to the New Businesses. Even if the Group were to engage persons with the relevant experience for the transactions relating to the New Businesses, there is no assurance that the Group will be able to retain the right persons. If the Group is unable to attract and retain a sufficient number of suitably skilled and qualified personnel it requires to ensure the success of the transactions relating to the New Businesses, the Group's operations and financial condition may be materially adversely affected.

LETTER TO SHAREHOLDERS

3. INTEREST OF DIRECTORS, CONTROLLING SHAREHOLDERS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors, controlling shareholders or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Diversification, other than through their respective shareholdings in the Company.

4. RECOMMENDATION BY DIRECTORS

Having reviewed, *inter alia*, the rationale for the Proposed Diversification, the Directors are of the opinion that the Proposed Diversification is in the best interests of the Company. Accordingly, the Director recommend that Shareholders vote in favour of the ordinary resolution in relation to the Proposed Diversification to be proposed at the EGM, as set out in the Notice of EGM on page N-1 of this Circular.

5. EXTRAORDINARY GENERAL MEETING

The EGM will be held on Friday, 30 October 2020 at 10:30 a.m. (or immediately after the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10:00 a.m. on the same day) by way of electronic means for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolution set out in the Notice of EGM on page N-1 of this Circular.

6. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Pursuant to the COVID-19 measures in Singapore, Shareholders will not be able to attend the EGM in person. A Shareholder (including a Relevant Intermediary (as defined in Section 181 of the Act) must appoint the Chairman of the EGM (“**Chairman**”) as his/her/its proxy to vote on his/her/its behalf at the EGM if such Shareholder wishes to exercise his/her/its voting rights at the EGM.

The instrument appointing the Chairman as proxy must be submitted to the Company in the following manner:

- (a) in the electronic format accessible on <https://agm.conveneagm.com/magnus> (“**MEG EGM Website**”);
- (b) if submitted by post, be posted to the office of the Company’s Share Registrar at 30 Cecil Street #19-08 Prudential Tower, Singapore 049712; or
- (c) if submitted electronically, be submitted via email to the Company’s Share Registrar at rhtcaoscar@rhtcorporate.com,

in any case **no later than 10:30 a.m. on 27 October 2020, being 72 hours before the time appointed for the EGM.**

In the case of submission of the Proxy Form other than via the MEG EGM Website, a Shareholder who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Shareholders to submit completed proxy forms by post, Shareholders are strongly encouraged to submit completed proxy forms electronically.

A Depositor shall not be regarded as a Shareholder entitled to vote at the EGM unless his name appears on the Depository Register maintained by CDP pursuant to Part IIIA of the Securities and Futures Act (Chapter 289) of Singapore at least 72 hours before the EGM.

LETTER TO SHAREHOLDERS

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Group and the Proposed Diversification, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

Yours faithfully

For and on behalf of the Board of Directors of
MAGNUS ENERGY GROUP LTD.

Charles Madhavan
Executive Director and Chief Executive Officer

NOTICE OF EXTRAORDINARY GENERAL MEETING

MAGNUS ENERGY GROUP LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 198301375M)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Unless otherwise defined or the context otherwise requires, all capitalised terms herein shall bear the same meaning as used in the circular dated 15 October 2020 issued by the Company (the “Circular”).

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Magnus Energy Group Ltd. (the “Company”) will be held on Friday, 30 October 2020 at 10:30 a.m. (or immediately after the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10:00 a.m. on the same day by way of electronic means) for the purpose of considering and, if thought fit, passing with or without any modifications the following resolution:

ORDINARY RESOLUTION

THE PROPOSED DIVERSIFICATION OF THE GROUP’S BUSINESS

That:

- (a) approval be and is hereby given for the Company to diversify into, and undertake, the New Businesses, including entry by the Company into any contracts, agreements, arrangements and undertakings as the Directors may deem desirable, necessary or expedient to undertake, or relating to, the New Businesses;
- (b) subject to compliance with all applicable laws and regulations, the Company be and is hereby authorised to invest in, purchase or otherwise acquire or dispose of, from time to time any such assets, investments and shares/interests in any entity that is in the New Businesses on such terms and conditions as the Directors deem fit, and such Directors be and are hereby authorised to take such steps and exercise such discretion and do all such acts or things as they deem desirable, necessary or expedient or give effect to any such investment, purchase, acquisition or disposal; and
- (c) the Directors and each of them be and are hereby authorised to do all acts and things, and to approve, modify, ratify and execute such documents, acts and things as they or each of them deem desirable, necessary, or expedient to give effect to the diversification of the Group’s business to include the New Businesses as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company to give full effect to this Resolution.

By Order of the Board
Magnus Energy Group Ltd.

Charles Madhavan
Executive Director and Chief Executive Officer

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTES RELATING TO MEASURES TO MINIMISE THE RISK OF COVID-19:

General

1. The COVID-19 (Temporary Measures) Act (Act 14 of 2020) of Singapore that was passed by Parliament on 7 April 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 issued by the Minister of Law on 13 April 2020 (as amended from time to time), provide legal certainty such that issuers are able to make alternative arrangements to hold general meetings where personal attendance is required under written law or legal instruments (such as a company's constitution). A joint statement was also issued by the Monetary Authority of Singapore, the Accounting and Corporate Regulatory Authority and the Singapore Exchange Regulation on 13 April 2020 to provide guidance on the conduct of general meetings during the period when elevated safe distancing measures are in place.

The Company wishes to inform all Shareholders that the EGM is being convened, and will be held, by electronic means only and Shareholders will not be able to attend the EGM in person. Printed copies of the Circular, Notice of EGM, Proxy Form and Request Form will be sent to Shareholders. The Notice of EGM and the Circular will also be made available to Shareholders by electronic means via publication on the Company's corporate website at <http://www.magnusenergy.com.sg> and the following URL: <https://agm.conveneagm.com/magnus>, and will be made available on the SGX website at the following URL: <https://www.sgx.com/securities/company-announcements>.

2. Alternative arrangements are instead put in place to allow Shareholders to participate in the EGM by:
 - (a) watching or listening to the EGM proceedings via a Live Webcast (as defined below). Shareholders who wish to participate as such will have to pre-register in the manner outlined in Note 3 below;
 - (b) submitting questions ahead of the EGM. Please refer to Notes 8 to 10 below for further details; and
 - (c) voting by proxy at the EGM. Please refer to Notes 11 to 17 below for further details.

Participation in the EGM via live webcast or live audio feed

3. A Shareholder or its corporate representative (in the case of a corporate Shareholder) will be able to watch or listen to the proceedings of the EGM through a "live" webcast via mobile phone, tablet or computer ("**Live Webcast**"). In order to do so, the Shareholder must pre-register by 10:30 a.m. on 27 October 2020 ("**Registration Deadline**") at the following URL: <https://agm.conveneagm.com/magnus> ("**MEG EGM Website**") to create an account.
4. Following authentication of his/her/its status as a Shareholder, the Shareholder will receive an email on the authentication status and will be able to access the Live Webcast using the account created.
5. Shareholders who have registered by the Registration Deadline in accordance with Note 3 above but do not receive an email response by 12:00 p.m. on 29 October 2020 may contact the Company for assistance at the following email address: support@conveneagm.com, with the following details included: (a) the Shareholder's full name; (b) his/her/its identification/company registration number; and (c) the manner in which the shares are held (e.g. via CDP, CPF or SRS), for verification purposes.
6. Non-CPF/SRS holders whose shares are registered under Depository Agents ("**DAs**") must **also** contact their respective DAs to indicate their interests in order for their respective DAs to make the necessary arrangements for them to participate in the Live Webcast of the EGM proceedings.
7. Corporate shareholders must also submit the Corporate Representative Certificate to Share Registrar at rhtcaoscar@rhtcorporate.com, in addition to the registration procedures as set out in paragraph (3) above, by the Registration Deadline, for verification purpose.

Submission of questions prior to the EGM

8. A Shareholder may also submit questions relating to the resolutions to be tabled for approval at the EGM or the Company's businesses and operations. The Company shall only address relevant and substantial questions (as may be determined by the Company in its sole discretion) received. The Company will publish the minutes of the EGM on SGXNET and the Company's website within 1 month after the date of EGM.
9. To do so, all questions must be submitted **no later than the Registration Deadline** through any one of the following means:
 - (a) via the MEG EGM Website; or
 - (b) in physical copy by posting the same to the office of the Company's Share Registrar at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712.
10. If the questions are deposited in physical copy at the Company's registered office or sent electronically via the MEG EGM Website, and in either case not accompanied by the completed and executed Proxy Form (as defined below), the following details must be included with the submitted questions: (a) the Shareholder's full name; and (b) his/her/its identification/company registration number for verification purposes, failing which the submission will be treated as invalid.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Voting by proxy

11. Shareholders may only exercise their voting rights at the EGM via proxy voting. The accompanying proxy form for the EGM may be accessed via the MEG EGM Website, the Company's corporate website at <http://www.magnusenergy.com.sg/>, and will also be made available on the SGX website at the following URL <https://www.sgx.com/securities/company-announcements>.
12. Shareholders (including Relevant Intermediary**) who wish to vote on any or all of the resolutions at the EGM must submit a proxy form to appoint the Chairman of the EGM ("**Chairman**") as their proxy to do so on their behalf.
13. The instrument appointing the Chairman as proxy must be submitted to the Company in the following manner:
 - (a) in the electronic format accessible on the MEG EGM Website;
 - (b) if submitted by post, be posted to the office of the Company's Share Registrar at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712; or
 - (c) if submitted electronically, be submitted via email to the Company's Share Registrar at rhtcaoscar@rhtcorporate.com,

in either case **by no later than 10:30 a.m. on 27 October 2020, being 72 hours before the time appointed for the EGM.**

In the case of submission of the Proxy Form other than via the MEG EGM Website, a Shareholder who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Shareholders to submit completed proxy forms by post, Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

14. In the case of submission of the Proxy Form other than via the MEG EGM Website, the instrument appointing the Chairman as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman as proxy is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation. Where an instrument appointing Chairman as proxy is signed on behalf of the appointer by an attorney, the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.
15. An investor who holds shares under the Central Provident Fund Investment Scheme and/or Supplementary Retirement Scheme and wishes to vote, should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes to appoint the Chairman as their proxy, at least 7 working days before the EGM.
16. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to vote at the EGM.
17. **Please note that shareholders will not be able to vote through the Live Webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.**

****"Relevant Intermediary"** means:

- (a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act (Chapter 36) of Singapore in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal data privacy:

By pre-registering for the Live Webcast, submitting a Proxy Form appointing the Chairman as proxy to vote at the EGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the EGM or the Company's businesses and operations, a Shareholder (i) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Shareholder discloses the personal data of the Shareholder's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.

PROXY FORM

MAGNUS ENERGY GROUP LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 198301375M)

PROXY FORM EXTRAORDINARY GENERAL MEETING

IMPORTANT:

1. The Extraordinary General Meeting ("EGM") is being convened by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **Due to the current COVID-19 restriction order, a Shareholder will not be able to physically attend the EGM. A Shareholder (including Relevant Intermediary**) must appoint the Chairman of the EGM as proxy to vote on his/her/its behalf at the EGM if such Shareholder wishes to exercise his/her/its voting rights at the EGM.**
2. Alternative arrangements relating to the attendance of the EGM through electronic means, as well as conduct of the EGM and relevant guidance with full details are set out in the accompanying Company's Notice of EGM dated 15 October 2020, which can be accessed via the SGX website at: <https://www.sgx.com/securities/company-announcements>.
3. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investors") and/or Supplementary Retirement Scheme ("SRS Investors") and wishes to vote should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes to appoint the Chairman of the EGM as their proxy, at least seven (7) working days before the EGM.
4. This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We _____ (Name)

NRIC No./Passport No./Company Registration No. _____

of _____ (Address)

being *a Shareholder/Shareholders of MAGNUS ENERGY GROUP LTD. ("**Company**"), hereby appoint the Chairman of the Extraordinary General Meeting as my/our* proxy to attend, speak and vote for me/us* on my/our* behalf at the EGM to be held on **Friday, 30 October 2020 at 10:30 a.m.** (or immediately after the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10:00 a.m. on the same day by way of electronic means and at any adjournment thereof).

I/We* direct my/our* proxy to vote for or against, or to abstain from voting the Resolution proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.

No.	Resolutions relating to:	No. of votes 'For'***	No. of votes 'Against'***	No. of votes 'Abstain'***
Ordinary Resolution				
1	To approve the Proposed Diversification of the Group's business			

**If you wish to exercise all your votes 'For' or 'Against' or 'Abstain', please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

Dated this _____ day of _____ 2020

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder
or Common Seal of Corporate Shareholder

*Delete where inapplicable

Important: Please read notes overleaf.



PROXY FORM

Notes:

Due to the fast-evolving COVID-19 situation in Singapore, the Company may be required to change the EGM arrangements at short notice. The Company is taking the relevant steps in accordance with Part 4 of the COVID-19 (Temporary Measures) Act 2020 (Act 14 of 2020) of Singapore.

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. **In light of the current COVID-19 measures in Singapore, Shareholders will not be able to attend the EGM in person. A Shareholder (including a Relevant Intermediary**) must appoint the Chairman of the EGM ("Chairman") as his/her/its proxy to vote on his/her/its behalf at the EGM if the Shareholder wishes to exercise his/her/its voting rights at the EGM.**
3. The instrument appointing the Chairman as proxy must be submitted to the Company in the following manner:
 - (a) via the following URL: <https://agm.conveneagm.com/magnus> ("MEG EGM Website") in the electronic format accessible on the MEG EGM Website;
 - (b) if submitted by post, be posted to the office of the Company's Share Registrar at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712; or
 - (c) if submitted electronically, be submitted via email to the Company's Share Registrar at rhtcaoscar@rhtcorporate.com,

in either case **by no later than 10:30 a.m. on 27 October 2020, being 72 hours before the time appointed for the EGM.**

In the case of submission of the Proxy Form other than via the MEG EGM Website, a Shareholder who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Shareholders to submit completed proxy forms by post, Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

4. In the case of submission of the Proxy Form other than via the MEG EGM Website, the instrument appointing Chairman as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing Chairman as proxy is executed by a corporation, it must be executed either under its seal or signed on its behalf by an attorney duly authorised in writing or by an authorised officer of the corporation. Where the instrument appointing Chairman as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney (or other authority) or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
5. A corporation which is a Shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
6. An investor who holds shares under the Central Provident Fund Investment Scheme and/or Supplementary Retirement Scheme and wishes to vote, should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes to appoint the Chairman as their proxy, at least 7 working days before the EGM.

**"Relevant intermediary" has the same meaning ascribed to it in Section 181 of the Companies Act (Chapter 50) of Singapore.

General:

The Company shall be entitled to reject the instrument appointing the Chairman as proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman as proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman as proxy lodged if the Shareholder, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 15 October 2020.